

SUSTAINABILITY REPORT 2018

DELONG HOLDINGS LIMITED



INTRODUCTION

ABOUT DELONG HOLDINGS LIMITED

Committed to playing its part in growing the Chinese steel industry, Delong Holdings Limited (“Delong” or the “Company”, together with its subsidiaries, the “Group”) is a steel manufacturing and trading group headquartered in Beijing, China. Its flagship business, Delong Steel, is located 430 kilometer southwest of Beijing in the industrial city of Xingtai in Hebei Province, placing it in proximity to raw material sources and an extensive client base encircled by the Bohai Economic Zone.

The Group’s business area spans across cities within the China. For more details on our corporate structure and company profile, please refer to page 11 to 13 of the Delong Holdings Limited Annual Report (Annual Report) 2018.

OUR VISION

Delong is a steel manufacturing group committed to playing its part in growing the Chinese steel industry through progressive thinking and sustainable practices.

We envision Delong as one of the leading steel companies in China, contributing strategically to the country’s economic landscape and creating long-term value for our stakeholders.

CORPORATE GOVERNANCE

An extensive system of policies, processes, training, and communications is in place to protect our reputation, avoid conflict of interests in our business activities and stay on the path towards a sustainable business culture that will generate long-term value creation for all our stakeholders.

For more details on our Corporate Governance, please refer to Corporate Governance Report section of the Delong Holdings Limited Annual Report (Annual Report) 2018.

RISK MANAGEMENT

We regularly review and improve our business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. We are committed to ensuring appropriate risk management procedures are implemented across our supply chain.

MEMBERSHIP OF ASSOCIATIONS

Delong currently holds membership in the China Iron and Steel Association (CISA). CISA aims to maintain the overall interests and legal rights of the member companies. It functions as a bridge between the government and enterprises and aims to continuously improve the competitiveness of the Chinese steel industry in the domestic and overseas market. As such, it allows us to develop strategic relationships within the industry and further drive value creation for all stakeholders.

ABOUT THIS REPORT

SCOPE OF THE REPORT

The annual Sustainability Report (the "Report") of Delong has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, the international standard for sustainability reporting. This report is prepared with reference to the primary components set in Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Rules 711A and 711B. We have conducted a refreshment of the Environmental, Social and Governance ("ESG") aspects to evaluate the relevancy against current businesses operations. This report covers the sustainability performance of our operations for the financial year ended 31 December 2018 ("FY2018"), unless stated otherwise.

The content of this report was defined by the four reporting principles established by GRI Standards:

**Stakeholder Inclusiveness:**

To determine the report context through the refreshment of materiality assessment exercise conducted in December 2018.

Sustainability Context:

To determine the report context which covered the ESG aspects.

Materiality:

To determine the report context based on the internal and external factors that were considered when assessing whether a topic is material.

Completeness:

To evaluate specific and material topics on data availability as well as to determine the topics' boundaries.

We have not sought external independent assurance for this reporting period and will consider doing so in the future as its sustainability reporting efforts matures.

CONTACT US

For any questions or to deliver feedback about this report, please contact:

Company Secretary**Yeo Lee Luang**

55 Market Street, Level 10,

Singapore 048941

Tel.: (65) 65212964

Fax: (65) 65357505

E-mail: ir@dlholdings.com

MESSAGE FROM BOARD

BOARD STATEMENT



Dear Stakeholders,

Delong Holdings Limited has progressed into the second year of sustainability reporting. We believe that integrating sustainability in our business strategies will achieve sustainable growth for the Group as well as to upgrading the business model and strategies.

This year, we have made good progress in managing the Environmental, Social and Governance (“ESG”) issues in our long-term sustainable business strategies, ensuring that our efforts to improve financial performance align with our sustainability efforts. Our employee new hire rate has shown a good progress with an increased to 10.6% as compared to 8.7% in FY2017. Furthermore, our employee turnover rate has also shown an improvement with 6.6% as compared to 10.0% in FY2017.

Furthermore, we also maintained our safety track record of zero workplace fatalities and occupational disease cases and have seen an improvement to the lost day rate. We have achieved our target to record zero reportable (lost-time) incidents.

We recognise the importance of maintaining a balance between economic, environmental, social and governance obligations. The continuous integration of sustainability measures in our strategy and operations will be complemented by quality disclosures so as to provide stakeholders with a holistic view of the Group’s performance and prospects.

Looking ahead, we will continually improve our performance and proactively integrate sustainable practices into our business strategy.

ACHIEVEMENTS AND RECOGNITIONS

CERTIFICATION AND AWARDS

Certification	
ISO 9001	2000 Quality Management System

Awards ¹
<ul style="list-style-type: none"> Home of National Model Workers 2018 [2018 全国模范职工之家]
<ul style="list-style-type: none"> National Model in Safety Management 2018 [2018 国家安全管理标准化示范班组]
<ul style="list-style-type: none"> Provincial Demonstration Enterprise in Safety and Culture Construction 2018
<ul style="list-style-type: none"> "A" Class Competitive Enterprises 2018 [2018 "A"级竞争力特强企业]

STAKEHOLDER ENGAGEMENT AND MATERIALITY REVIEW

STAKEHOLDER ENGAGEMENT

We recognise the importance of stakeholders in maintaining the company's long-term growth as well as responsible business development in ESG topics. Therefore, maintaining effective communication channels with our stakeholders are of utmost importance to us. We communicate regularly with our stakeholders by providing an open and transparent channel for their concerns, reviewing and considering those concerns and responding in a timely manner.

Stakeholder Group	Mode of Engagement	Frequency
Investor	<ul style="list-style-type: none"> Annual General Meeting Announcement, media releases and interview (if any) 	<ul style="list-style-type: none"> Annually Ad-hoc
Customers	<ul style="list-style-type: none"> Customer satisfaction surveys Customer call centre 	<ul style="list-style-type: none"> Frequently Annually
Suppliers	<ul style="list-style-type: none"> Supplier Code of Conduct Vendor evaluation 	<ul style="list-style-type: none"> Ad-hoc Annually
Employees	<ul style="list-style-type: none"> Performance Evaluation Company intranet 	<ul style="list-style-type: none"> Annually Frequently
Business Partners	<ul style="list-style-type: none"> Annual Report Financial results 	<ul style="list-style-type: none"> Annually Frequently

Figure 1: Stakeholder Groups of Delong Holdings Limited

¹ Further details about awards received by Delong Holdings Limited can be found in Delong's company website.

RESULTS FROM MATERIALITY ASSESSMENT

A materiality assessment was conducted to identify the material ESG topics. The materiality assessment and identification of ESG topics was conducted as follows:

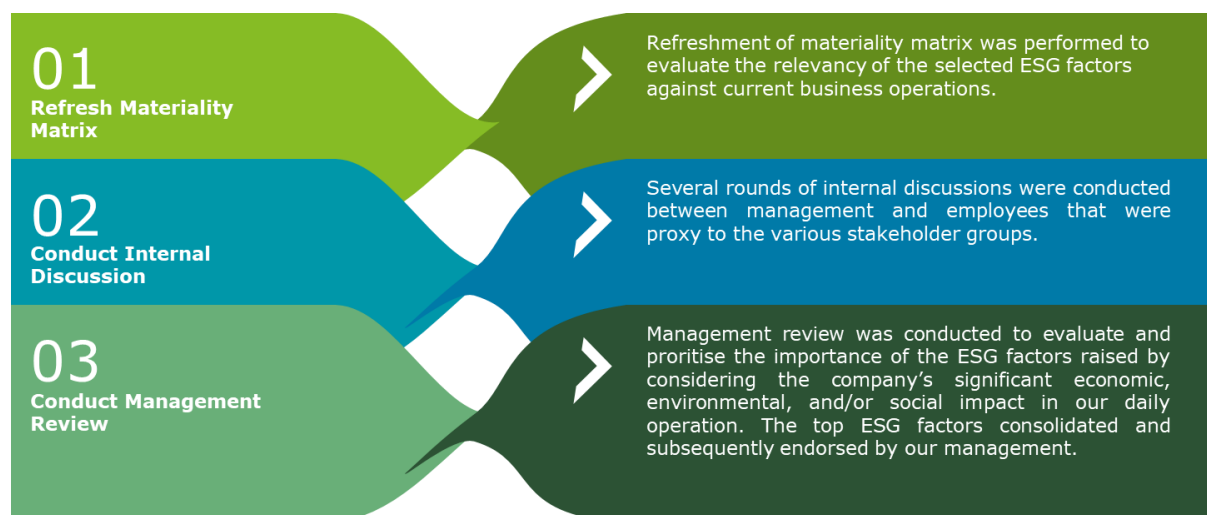


Figure 2: Materiality Assessment Process

MATERIAL ASPECTS AND INDICATORS IDENTIFIED

Material Aspects	GRI Standards ESG Indicators		Aspect Boundary ²
Economic Performance	GRI 201-1	Direct economic value generated and distributed	Within organisation
Energy	GRI 302-1	Energy consumption within the organisation	Within organisation
Water	GRI 303-1	Water withdrawal by source	Within organisation
Environmental Compliance	GRI 307-1	Non-compliance with environmental laws and regulations	Within organisation
Employment	GRI 401-1	New employee hires and employee turnover	Within organisation
Occupational Health and Safety	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Within organisation
Training and Education	GRI 404-1	Average hours of training per year per employee	Within organisation

Figure 3: Material Aspects and Indicators Identified

² Aspect Boundary is a description of where the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities. Global Reporting Initiatives (GRI)

ECONOMIC PERFORMANCE

HIGHLIGHT ON ECONOMIC PERFORMANCE

The economic highlights of Delong's performance for 12 months from 1 January to 31 December 2018 (FY 2018) is shown in the table below.

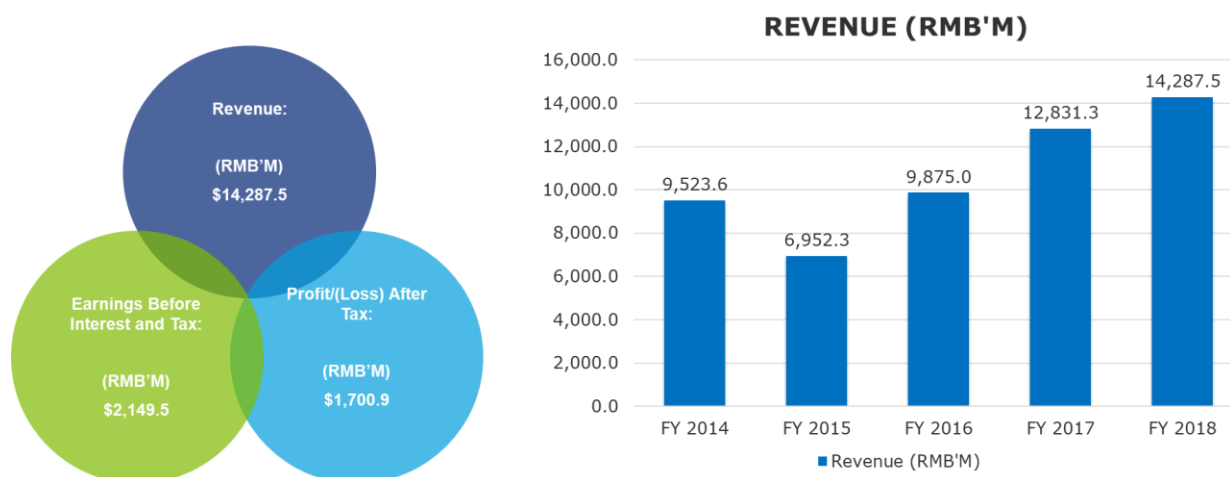


Figure 4: Financial Performance FY2018 (RMB'M)

For a more detailed breakdown of its 2018 financial results, please refer to the relevant sections in Delong Holdings Limited's Annual Report 2018 (Annual Report).

ENVIRONMENT

OUR APPROACH

Our business operations pose a significant impact on the environment. We are committed to effectively manage the environmental aspects as well as to comply with applicable environmental standards, laws, and regulations.

ENERGY

Our main operations are in manufacturing and production, as such energy consumption is a key issue of concern. The energy sources used in the company are coal, waste gas (biomass) and electricity. We have implemented an energy monitoring practice to handle energy usage within the company. With the monitoring initiative in place, we achieved the target of FY2017 to minimising the energy consumption within the company by 19.8%, which equivalent to 9,291,106,318 MWh or 2,580,862 MJ.

At Delong, we have a designated team to monitor the energy usage within the company. The team will conduct regular inspections and analyse the energy consumption data on a monthly basis. Energy surges that were identified within the company will be investigated for possible faults in the instruments and machinery.

The below charts show the detailed breakdown of Delong's energy consumption statistics.

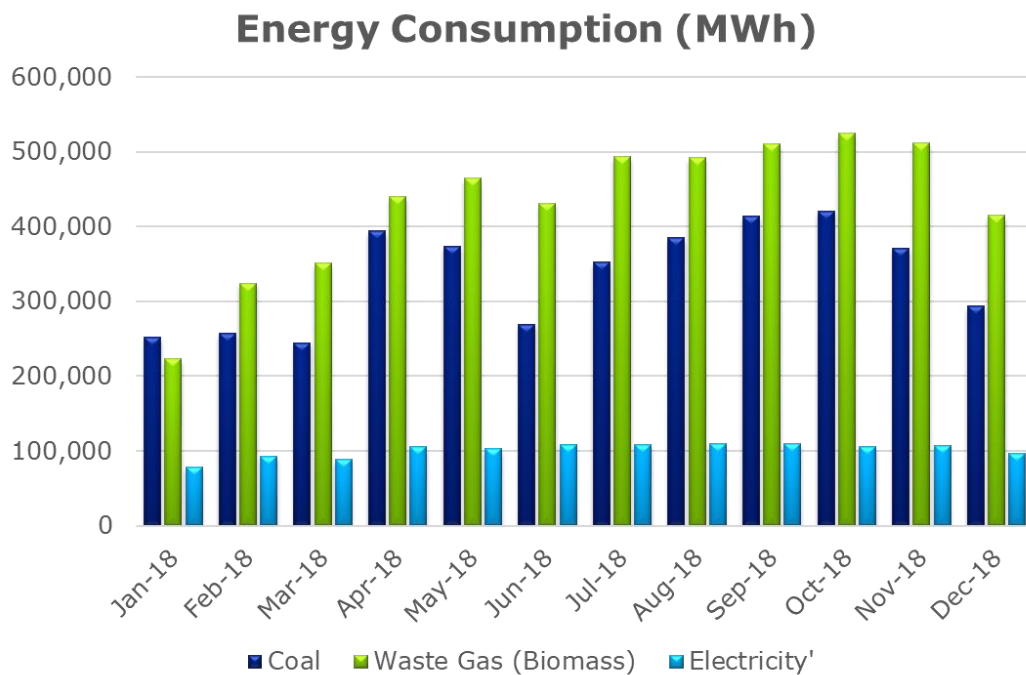


Figure 5: Energy Consumption (MWh)

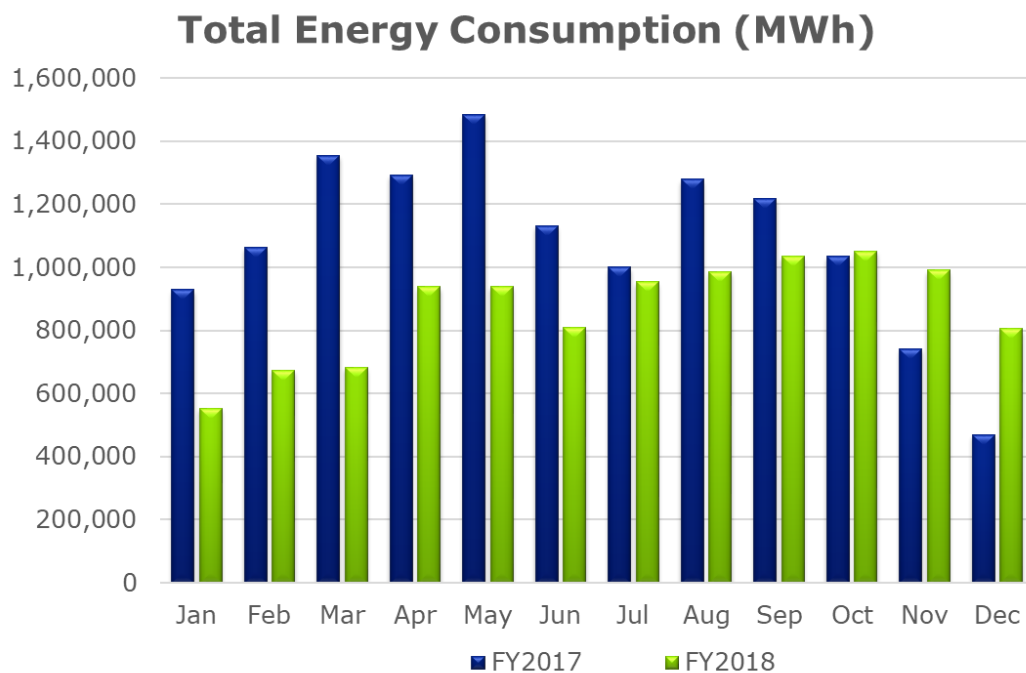


Figure 6: Total Energy Consumption (MWh)

In FY 2018, the total energy consumption was recorded at 10,428,509 megawatt (MWh) hour which equivalent to 37,542,632,476 megajoules (MJ).

In the future, we aim to achieve greater efficiency in the use of energy to lower our operating costs within the company.

WATER

Water is identified as a priority resource for our business. We are committed to reducing water consumption and encouraging the use of treated/recycled water in our daily operations. We have a strategic approach to water management by:

- Implementing a water reuse system in our daily operations to reduce the reliance on municipal supply; and
- Establishing monitoring water leak detection work to monitor water usage as well as to reduce wastage due to leaking pipes or water overflow within the company.

The below charts show the detailed breakdown of DeLong's water consumption statistics.

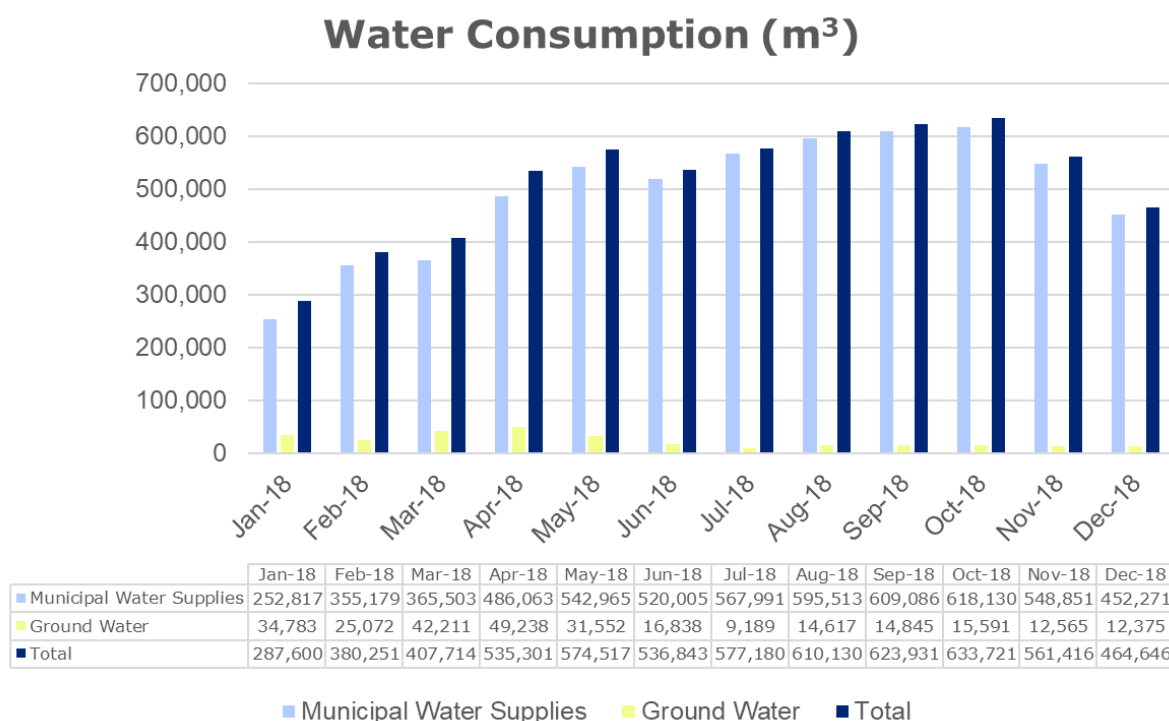


Figure 7: Water Consumption (m³)

In FY 2018, the total water consumption was recorded at 6,193,250 m³. However, we will continue our effort in reducing the water consumption within the company by monitoring water leak detection work which is also in line with the company's objective in minimising the operating cost.

ENVIRONMENTAL COMPLIANCE

In order to ensure legal compliance, we analyse and follow the environmental laws and regulations in the countries which we operate in closely.

NIL

Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations

Total monetary value of significant fines

Total number of non-monetary sanctions

Cases brought through dispute resolution mechanisms

In FY2018, there were no major incidences involving significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. We aim to maintain this level of performance through continual adherence.

PEOPLE

OUR APPROACH

We emphasise the protection of labour rights, equal opportunity and non-discrimination in the workplace. We have a human resource policy that expresses the commitment to the ethical, professional and legal standards with the objectives to:

- Developing employees' working competencies through learning and development;
- Creating a well-balanced workplace to attract talent;
- Fostering fair and equitable workplace culture; and
- Caring for employees' well-being and benefits.

EMPLOYMENT

In FY2018, we have a total 4,530 employees. The graphs below show our employees broken down by gender and age categories.

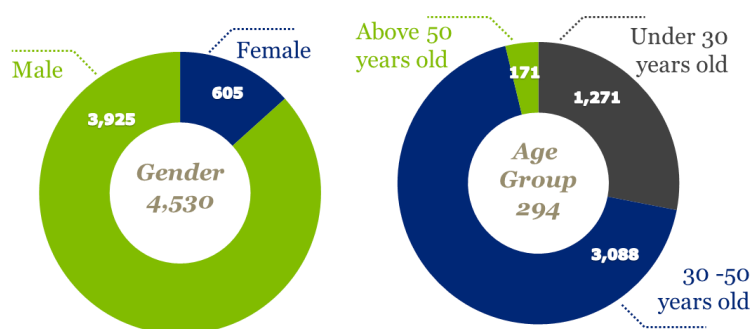


Figure 8: Employee Statistics by Gender and Age Group FY2018

Recruitment of new employees is conducted in line with our corporate human resource policy. The below charts show the detailed breakdown of our employment statistics.

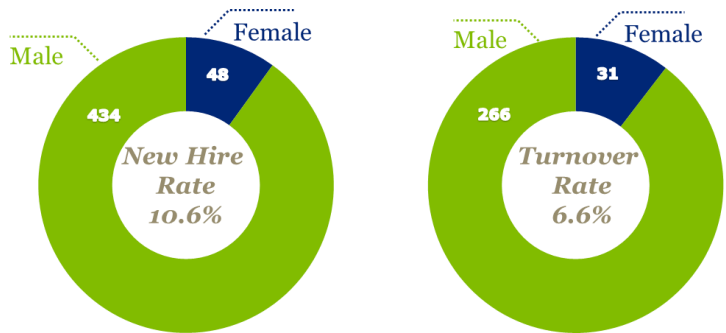


Figure 9: Employee New Hire and Turnover Rate FY2018

This year, our employee new hire rate has also shown a good progress with an increase to 10.6% as compared to 8.7% in FY2017. Furthermore, our employee turnover rate has decreased to 6.6% as compared to 10.0% in FY2017.

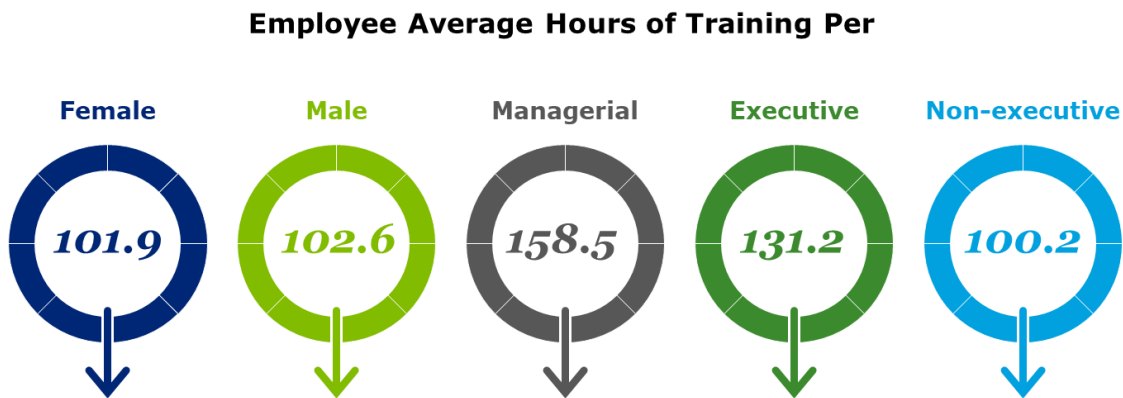
In the coming years, we aim to provide equal opportunities when employing regardless of race, religion or gender.

TRAINING AND EDUCATION

We believe in employees’ learning and development by grooming them to their fullest potential, personally and professionally. At Delong, we emphasise heavily on continual training so as to enhance staff performance and upgrade their professional skillsets.

The training thus ensures that employees are able to acquire the necessary skillset relevant to their job scope. Regardless of category, each employee, on an average, has more than 100 hours of training annually.

The below charts show the detailed breakdown of employees’ average training hours by gender and employee categories.



In FY2018, we have met our internal target for Continuing Professional Development (CPD) training of 102.4 hours per employee.

In the future, we aim to maintain the 100 hours of training per employee per annum and continue to work toward equipping our employees with necessary knowledge and skills to improve their capabilities.

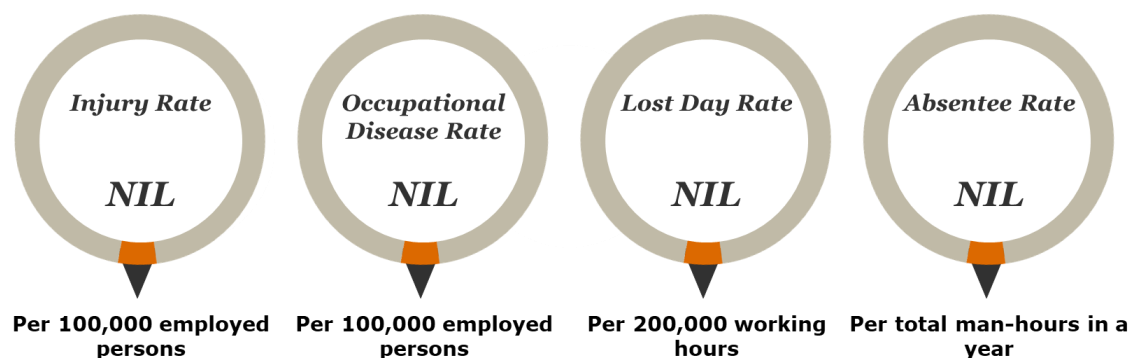
OCCUPATIONAL HEALTH AND SAFETY

We consider people as the backbone of our business operation and strive to ensure that our employees' health and safety are always taken care of. We have formulated various systems for occupational health and safety (OHS) within the company.

A Safety committee has been established at Delong to improve environmental health and safety (EHS) performance within the company, prevent industrial safety occupational diseases, as well as to create awareness of EHS among our employees.

In the event of incidents, we have an on-site response plan that gives the safety committee overall responsibility in the treatment and evacuation of any injured workers.

The diagram below shows a full breakdown of our company's occupational health and safety statistics for this year.



In FY2018, we achieved the target of zero incident work-related injury, **zero** incident of occupational disease and **zero** lost day due to work-related injury or occupational disease. Furthermore, we also achieve **zero** absentee rate over the reporting period.

To continue the emphasis on managing workplace health and safety in our business, we have outlined goals and targets to better manage health and safety concerns of our employees. We aim to achieve an excellent OHS culture within our Group to achieve zero reportable (lost-time) incidents. We continuously monitor and strive to improve the performance and safety standards of the workplace environment.

GRI CONTENT INDEX

TABLE OF GRI CONTENT INDEX

GRI 102: GENERAL DISCLOSURES 2016			
GRI Standards 2016	Disclosure	Section Reference	Omission
ORGANISATIONAL PROFILE			
GRI 102: General Disclosures 2016	102-1 Name of the organisation	Introduction	
	102-2 Activities, brands, products and services	Introduction	
	102-3 Location of headquarters	Introduction	
	102-4 Location of operations	Introduction	
	102-5 Ownership and legal form	Introduction	
	102-6 Markets served	Introduction	
	102-7 Scale of the organisation	Introduction	
	102-8 Information on employees and other workers	Introduction	
	102-9 Supply chain	Introduction	
	102-10 Significant changes to organisation and its supply chain	Introduction	
	102-11 Precautionary principle or approach	Introduction	
	102-12 External Initiatives	Achievements And Recognitions	
	102-13 Membership of associations	Introduction	
STRATEGY			
GRI 102 : General Disclosures 2016	102-14 Statement from senior decision-maker	Message From Board	
ETHICS AND INTEGRITY			
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behaviour	Introduction	
GOVERNANCE			
GRI 102: General Disclosures 2016	102-18 Governance structure	Introduction	
STAKEHOLDER ENGAGEMENT			
	102-40 List of stakeholder groups	Stakeholder Engagement And Materiality Review	
	102-41 Collective bargaining agreements	Not Applicable	

GRI 102: GENERAL DISCLOSURES 2016			
GRI 102: General Disclosures 2016	102-42 Identifying and selecting stakeholders	Stakeholder Engagement And Materiality Review	
	102-43 Approach to stakeholder engagement	Stakeholder Engagement And Materiality Review	
	102-44 Key topics and concerns raised	Stakeholder Engagement And Materiality Review	
REPORTING PRACTICE			
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Introduction	
	102-46 Defining report content and topic Boundaries	About This Report	
	102-47 List of material topics	Stakeholder Engagement And Materiality Review	
	102-48 Restatements of information	Not Applicable	
	102-49 Changes in reporting	Not Applicable	
	102-50 Reporting period	About This Report	
	102-51 Date of most recent report	Delong Holdings Limited Sustainability Report FY2017	
	102-52 Reporting cycle	About This Report	
	102-53 Contact point for questions regarding the report	About This Report	
	102-54 Claims of reporting in accordance with the GRI Standards	About This Report	
	102-55 Content index	GRI Content Index	
	102-56 External assurance	About This Report	

CATEGORY: ECONOMIC			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Economic Performance	
	103-2 The management approach and its components	Economic Performance	
	103-3 Evaluation of the management approach	Economic Performance	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance	
CATEGORY: ENVIRONMENT			
ENERGY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Environment	
	103-2 The management approach and its components	Environment	
	103-3 Evaluation of the management approach	Environment	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environment	
WATER			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Environment	
	103-2 The management approach and its components	Environment	
	103-3 Evaluation of the management approach	Environment	
GRI 303: Water 2016	303-1 Water withdrawal by source	Environment	
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Environment	
	103-2 The management approach and its components	Environment	
	103-3 Evaluation of the management approach	Environment	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Environment	

CATEGORY: SOCIAL			
EMPLOYMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	People	
	103-2 The management approach and its components	People	
	103-3 Evaluation of the management approach	People	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	People	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	People	
	103-2 The management approach and its components	People	
	103-3 Evaluation of the management approach	People	
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	People	
TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	People	
	103-2 The management approach and its components	People	
	103-3 Evaluation of the management approach	People	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	People	

Note: The column of "Omission" is intentionally left blank as there are no omissions made in the Sustainability Report.